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## **Two New Types of Corporations effective January 1, 2012**

As of January 1, 2012, there are two new subtypes of stock corporations in California — a “flexible purpose corporation” and a “benefit corporation.” The new corporation subtypes allow entrepreneurs and investors to organize stock corporations that can pursue both economic and social objectives. The new stock corporation subtypes differ from traditional for profit corporations that are organized to pursue profit and nonprofit corporations that must be used solely to promote social benefits.

To form a benefit corporation or a flexible purpose corporation, customers will need to draft free-form Articles of Incorporation. This is similar to other stock corporations that do not fit into the simple Articles of Incorporation form that is available on the Secretary of State's website. The filing fee is \$100, the same fee as a general stock corporation.

The free-form Articles of Incorporation must include the unique purposes for the specific entity type:

### **Flexible Purpose Corporation** (*California Corporations Code sections [2500-3503](#)*)

The Articles of Incorporation must include one of the purpose statements required by California Corporations Code section 2602(b)(1), as well as a statement that a purpose of the flexible purpose corporation is to engage in one or more of the specific purposes provided in California Corporation Code section 2602(b)(2). Information about the specific purpose statements can be found in California Corporations Code section 2602. Further requirements for the flexible purpose corporation are provided in California Corporations Code Division 1.5 (commencing with Section 2500).

### **Benefit Corporation** (*California Corporations Code sections [14600-14631](#)*)

In addition to the statutory stock purpose clause required by Corporations Code section [202\(b\)](#), the Articles of Incorporation for a benefit corporation must include the following additional statement: “This corporation is a benefit corporation.” Notwithstanding California Corporations Code section 202(b), the Articles of Incorporation for a benefit corporation may identify one or more specific public benefits that shall be the purpose or purposes of the benefit corporation. Further requirements of the benefit corporation are detailed in California Corporations Code section 14600 et seq.

If you have specific legal questions or concerns, please consult a private attorney.